

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Mark Acton, Vice Chairman;  
Nanci E. Langley; and  
Robert G. Taub

Sharpsburg Post Office  
Sharpsburg, Iowa

Docket No. A2011-65

ORDER AFFIRMING DETERMINATION

(Issued December 27, 2011)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”<sup>1</sup> The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2011 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* Lastly, the Postal

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<sup>1</sup> United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011 (Notice).

Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On September 6, 2011, Dean and Flossie Breach (Petitioners) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Sharpsburg, Iowa post office (Sharpsburg post office).<sup>2</sup> The Final Determination to close the Sharpsburg post office is affirmed.

## II. PROCEDURAL HISTORY

On September 9, 2011, the Commission established Docket No. A2011-65 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.<sup>3</sup>

On September 21, 2011, the Postal Service filed the Administrative Record with the Commission.<sup>4</sup> The Postal Service also filed comments requesting that the Commission affirm the Final Determination to close the Sharpsburg post office.<sup>5</sup>

Petitioners filed a Participant Statement supporting their Petition.<sup>6</sup>

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<sup>2</sup> Petition for Review received from Dean and Flossie Breach regarding the Sharpsburg, IA Post Office 50862, September 6, 2011 (Petition).

<sup>3</sup> Order No. 848, Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 9, 2011.

<sup>4</sup> The Administrative Record is attached to the United States Postal Service Notice of Filing, September 21, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Sharpsburg, IA Post Office and Establish Service by Rural Route Service (Final Determination). On October 31, 2011, the Postal Service supplemented the Administrative Record. United States Postal Service Notice of Filing, October 31, 2011.

<sup>5</sup> United States Postal Service Comments Regarding Appeal, October 31, 2011 (Postal Service Comments).

<sup>6</sup> Participant Statement received from Dean and Flossie Beach, October 18, 2011 (Participant Statement).

### III. BACKGROUND

The Sharpsburg post office provides postal services to 22 post office box customers and 47 delivery customers. Final Determination at 2. The Sharpsburg post office, an EAS-53 level facility, had retail access hours of 7:00 a.m. to 11:30 a.m., Monday through Friday, and 9:00 a.m. to 10:30 a.m. on Saturday. *Id.* Lobby access hours are the same as retail access hours. *Id.*

The postmaster position became vacant when the Sharpsburg postmaster was promoted on March 20, 1993. *Id.* A non-career officer-in-charge (OIC) was installed to operate the office. *Id.* at 14. Retail transactions average 17 transactions daily (21 minutes of retail workload). *Id.* at 2. Office receipts for the last 3 years were \$5,610 in FY 2008; \$5,792 in FY 2009; and \$5,145 in FY 2010. *Id.* There are no permit or postage meter customers. *Id.* By closing this post office, the Postal Service anticipates savings of \$19,316 annually. *Id.* at 12.

After the closure, retail services will be provided by the Lenox post office located approximately 10 miles away.<sup>7</sup> Delivery service will be provided by rural carrier through the Lenox post office. *Id.* at 2. The Lenox post office is an EAS-16 level post office, with retail hours of 8:00 a.m. to 11:30 a.m. and 1:00 p.m. to 4:30 p.m., Monday through Friday, and closed on Saturday. *Id.* Forty-five post office boxes are available. *Id.* Retail service will also be available at the Gravity post office, an EAS-11 level office, located 8 miles away.<sup>8</sup> Window service hours are 7:45 a.m. to 11:30 a.m. and 12:30 p.m. to 4:15 p.m., Monday through Friday, and 8:15 a.m. to 9:45 a.m. on Saturday. *Id.* Ninety-seven post office boxes are available. *Id.* The Postal Service will continue to use the Sharpsburg name and ZIP Code. *Id.* at 8, Concern No. 27.

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<sup>7</sup> *Id.* at 13. MapQuest estimates the driving distance between the Sharpsburg and Lenox post offices to be approximately 10 miles (19 minutes driving time).

<sup>8</sup> *Id.* at 2. MapQuest estimates the driving distance between the Sharpsburg and Gravity post offices to be approximately 9 miles (17 minutes driving time).

#### IV. PARTICIPANT PLEADINGS

*Petitioners.* Petitioners oppose the closure of the Sharpsburg post office. They argue that the estimated cost savings from the closing are inaccurate because they are based on the salary and benefits of a postmaster rather than the OIC who operates the post office. Petition at 1, Participant Statement at 1. They discuss the inconvenience that the community and the OIC will experience from losing both the post office and the only store and restaurant in town. *Id.*

*Postal Service.* The Postal Service argues that the Commission should affirm its determination to close the Sharpsburg post office. Postal Service Comments at 10. The Postal Service believes the appeal raises four main issues: (1) the effect on postal services; (2) the impact on the Sharpsburg community; (3) the economic savings expected to result from discontinuing the Sharpsburg post office; and (4) the effect on employees. *Id.* at 1. The Postal Service asserts that it has given these issues serious consideration and concludes that the determination to discontinue the Sharpsburg post office should be affirmed. *Id.*

The Postal Service explains that its decision to close the Sharpsburg post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

*Id.* at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the Sharpsburg community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioner regarding the effect on postal services, effect on the Sharpsburg community, economic savings, and effect on postal employees. *Id.* at 6-8.

## V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

### A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. On March 23, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Sharpsburg post office. Final Determination at 2. A total of 69 questionnaires were distributed and 35 were returned. *Id.* On April 27, 2011, the Postal Service held a community meeting at the Sharpsburg City Hall to address customer concerns. *Id.* Forty-one customers attended. *Id.*

The Postal Service posted the proposal to close the Sharpsburg post office with an invitation for comments at the Sharpsburg, Lenox, and Gravity post offices from May 23, 2011 through July 24, 2011. *Id.* The Final Determination was posted at the same three post offices from August 25, 2011 through September 26, 2011.<sup>9</sup>

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

#### B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

*Effect on the community.* The Postal Service describes Sharpsburg, Iowa as an unincorporated community located in Taylor County, Iowa.<sup>10</sup> Final Determination at 10; Administrative Record, Item No. 1. The community is administered politically by the Sharpsburg Mayor and City Council. *Id.* Item No. 16. Police protection is provided by the Taylor County Sheriff. Fire protection is provided by the Sharpsburg Volunteer Fire

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<sup>9</sup> See United States Postal Service Notice of Filing, October 31, 2011.

<sup>10</sup> While the Final Determination states that Sharpsburg is unincorporated, the Census Bureau classifies Sharpsburg as an incorporated place that is governmentally active. [http://factfinder.census.gov/home/en/epss/fips\\_codelist.html](http://factfinder.census.gov/home/en/epss/fips_codelist.html). The Iowa Department of Transportation has a map displaying the corporate boundaries of Sharpsburg. [http://www.iowadot.gov/maps/msp/citypdf/sharpsburg\\_ci.pdf](http://www.iowadot.gov/maps/msp/citypdf/sharpsburg_ci.pdf).

Department. The community is comprised of retirees, farmers, self-employed, and those who commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. See *generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Sharpsburg community and solicited input from the community with questionnaires. Final Determination at 2-10. In response to the Postal Service's proposal to close the Sharpsburg post office, customers raised concerns regarding the effect of the closure on the community. *Id.* Their concerns and the Postal Service's responses are summarized in the Final Determination. *Id.*

Petitioners raise the issue of the effect of the closing on the Sharpsburg community. They state that the OIC also runs the only store and restaurant in town, which would have to close if the post office closes. Petition at 1; Participant Statement at 1-2. A Congressional inquiry, prompted by Petitioners, brought this issue to the attention of the Postal Service. Administrative Record, Item No. 28, at 4.

The Postal Service contends that it considered the effect on the community of closing the Sharpsburg post office. It explains that the community identity will be preserved by continuing the use of the Sharpsburg name and ZIP Code. Postal Service Comments at 7-8. In its Final Determination, the Postal Service also considered the claim that closing the post office would have a detrimental effect on the business community and concluded that customers would continue to use local businesses notwithstanding the post office's closure. Final Determination at 11, Response to Concern No. 14.

The Postal Service has adequately considered the effect on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

*Effect on employees.* The Postal Service states that the Sharpsburg postmaster was promoted on March 20, 1993. *Id.* at 8; Final Determination at 13. An OIC currently

operates the Sharpsburg post office. The Postal Service asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.*

The Postal Service's statement that the OIC may be reassigned or separated satisfies the Postal Service's obligation to consider the effect of the closing on employees at the Sharpsburg post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

*Effective and regular service.* The Postal Service contends that it has considered the effect the closing will have on postal services provided to Sharpsburg customers. Postal Service Comments at 5-6. It asserts that customers of the closed Sharpsburg post office may obtain retail services at the Lenox post office located 10 miles away or at the Gravity post office located 9 miles away. Final Determination at 13. Delivery service will be provided by rural carrier through the Lenox post office. *Id.* at 14. The 22 post office box customers may obtain Post Office Box service at the Lenox post office, which has 45 boxes available, or at the Gravity post office, which has 97 boxes available. *Id.* at 2.

For customers choosing not to travel to the Lenox or Gravity post office, the Postal Service explains that retail services will be available from the carrier. *Id.* at 2-13. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

*Economic savings.* The Postal Service estimates total annual savings of \$19,316. It derives this figure by summing the following costs: postmaster salary and benefits (\$20,492) and annual lease costs (\$2,400), and subtracting the cost of replacement service (\$3,576). *Id.* at 13.

Petitioners assert that the estimated savings are inaccurate. Participant Statement at 1. They note that the amounts saved are based on the salary and benefits of a postmaster rather than those of the OIC, who receives a lower salary and no benefits. *Id.* The Postal Service responds that discontinuing the Sharpsburg post office



would eliminate a permanent career position, thereby allowing the Postal Service to avoid the cost of filling that position in the future. Postal Service Comments at 9-10.

The Commission has previously stated that the Postal Service should not compute savings based on compensation costs unless there is a reasonable assurance that closing will actually eliminate those costs. The Sharpsburg post office postmaster was promoted in March, 1993. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See Postal Service Comments at 9-10 (“[i]t is appropriate to use a career Postmaster’s salary in the calculation because that is the value of a career position had it ultimately been filled were the Sharpsburg Post Office not discontinued.”). Furthermore, notwithstanding that the Sharpsburg post office has been staffed by an OIC for 18 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

## VI. CONCLUSION

The Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service’s determination to close the Sharpsburg post office is affirmed.

*It is ordered:*

The Postal Service's determination to close the Sharpsburg, Iowa post office is affirmed.

By the Commission.

Shoshana M. Grove  
Secretary

## DISSENTING OPINION OF CHAIRMAN GOLDWAY

I dissent in this case.

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service argues that savings should be calculated based on a fulltime postmaster's salary. Yet the Sharpsburg Office has been operated by as OIC for more than 20 years. On the one hand the Postal Service argues that the effect on employees of this closing will be minimal, yet on the other hand, it argues that the savings should be calculated using a fulltime position. There are inherent and blatant contradictions in the record that must be corrected on remand.

It is not the statutory responsibility of the Postal Regulatory Commission to correct the record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the record. Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

I am also concerned about the distances between the Sharpsburg post office and those that are offered as substitutes. Several members of Congress have publicly expressed concern that post offices that are 10 miles apart should be maintained in rural areas. The Postmaster General has expressed interest in finding other ways to serve such distant post offices rather than close them altogether. This closing should be reconsidered.

Moreover, the Postal Service recently announced a moratorium on post office closings.

It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and

pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a five month moratorium.

The citizens of Sharpsburg, Iowa and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

### DISSENTING OPINION OF COMMISSIONER LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility for over 18 years, since March 1993, not an EAS-53 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.

As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Postal Service's decision to discontinue operations at the Sharpsburg post office is unsupported by evidence on the record and thus, should be remanded.

Nanci E. Langley